

2020 Vision, Employer Levy, Public sector targets including Q & A

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The Apprenticeship Levy



**BUSINESS
IS
GREAT**
BRITAIN

The Levy is part of a broader programme of reforms

The government is **committed to significantly increase the quantity and quality of apprenticeships in England to reach 3 million starts in 2020:**

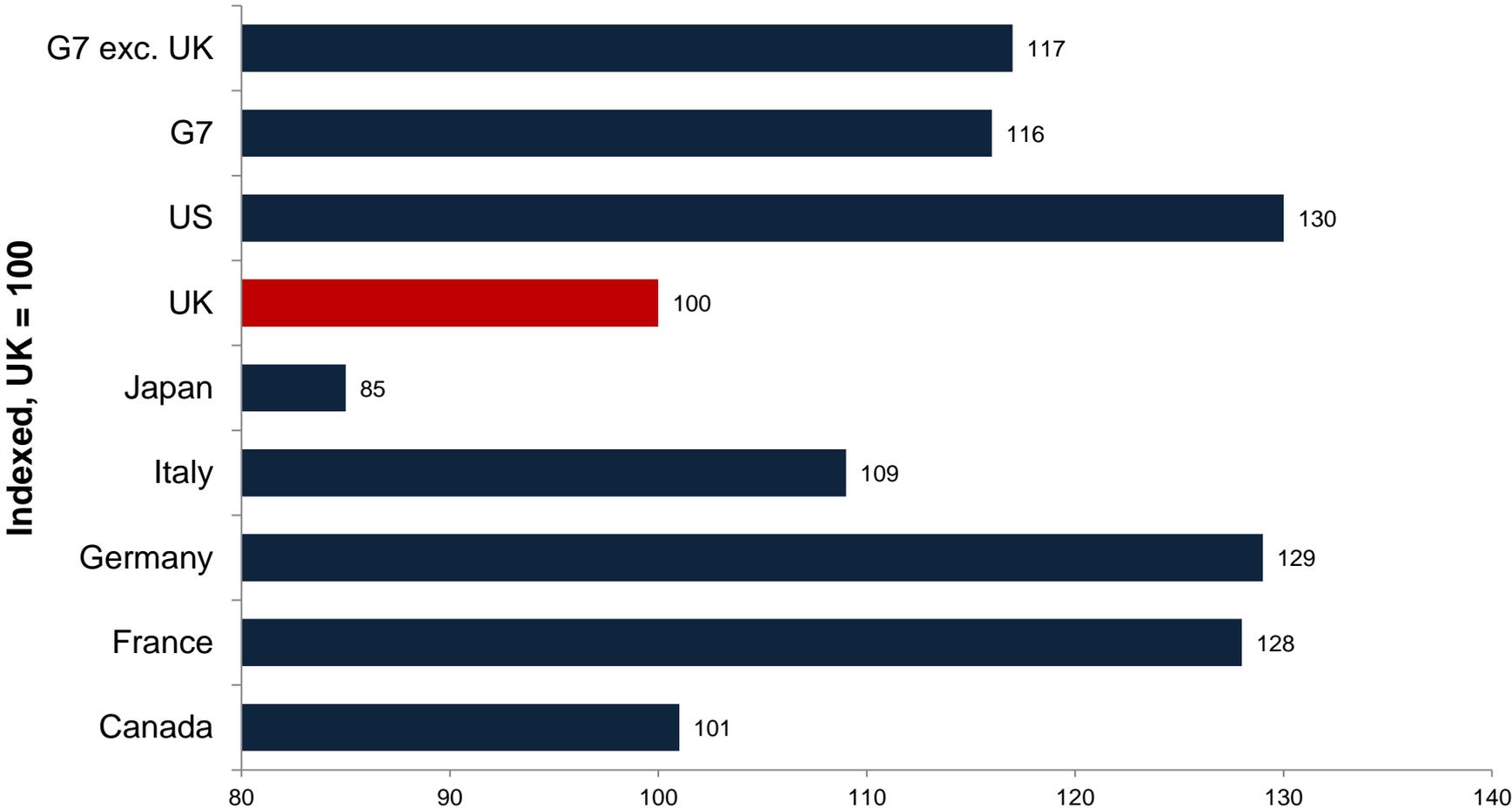
- **New Institute for Apprenticeships** led by employers to support quality apprenticeships
- Employers at the heart of designing new **Apprenticeships Standards** through the Trailblazer programme
- Apprenticeships will be given **equal legal protection to degrees**
- **Abolishing employer NICs** for apprentices under the age of 25 from April 2016
- **Apprenticeship targets for public sector bodies** – consulting on new duty on public sector to have 2.3% of its workforce comprised of apprenticeships

But a step change in the scale and quality of the apprenticeship programme also requires a step change in funding.



UK productivity lags behind other developed economies...

GDP per hour worked for the UK and comparator countries, 2013



...and employers are investing less in training



Number of employees who worked fewer hours than usual because they attended a training course away from their workplace

The Spending Review set the rate and scope of the levy

- The levy will be **0.5%** of paybill, paid through PAYE
- An allowance of **£15,000**
- Levy paid on **paybill in excess of £3m** (2% of UK employers)
- Employers in England who pay the levy and are committed to apprenticeship training **will be able to get out more than they pay into the levy**, through a **top-up** to their digital accounts

The levy will be set at **0.5% of an employer's pay bill**. It will only be paid on any pay bill in excess of

£3m

Employers will have an allowance of **£15,000** to offset against their levy payment

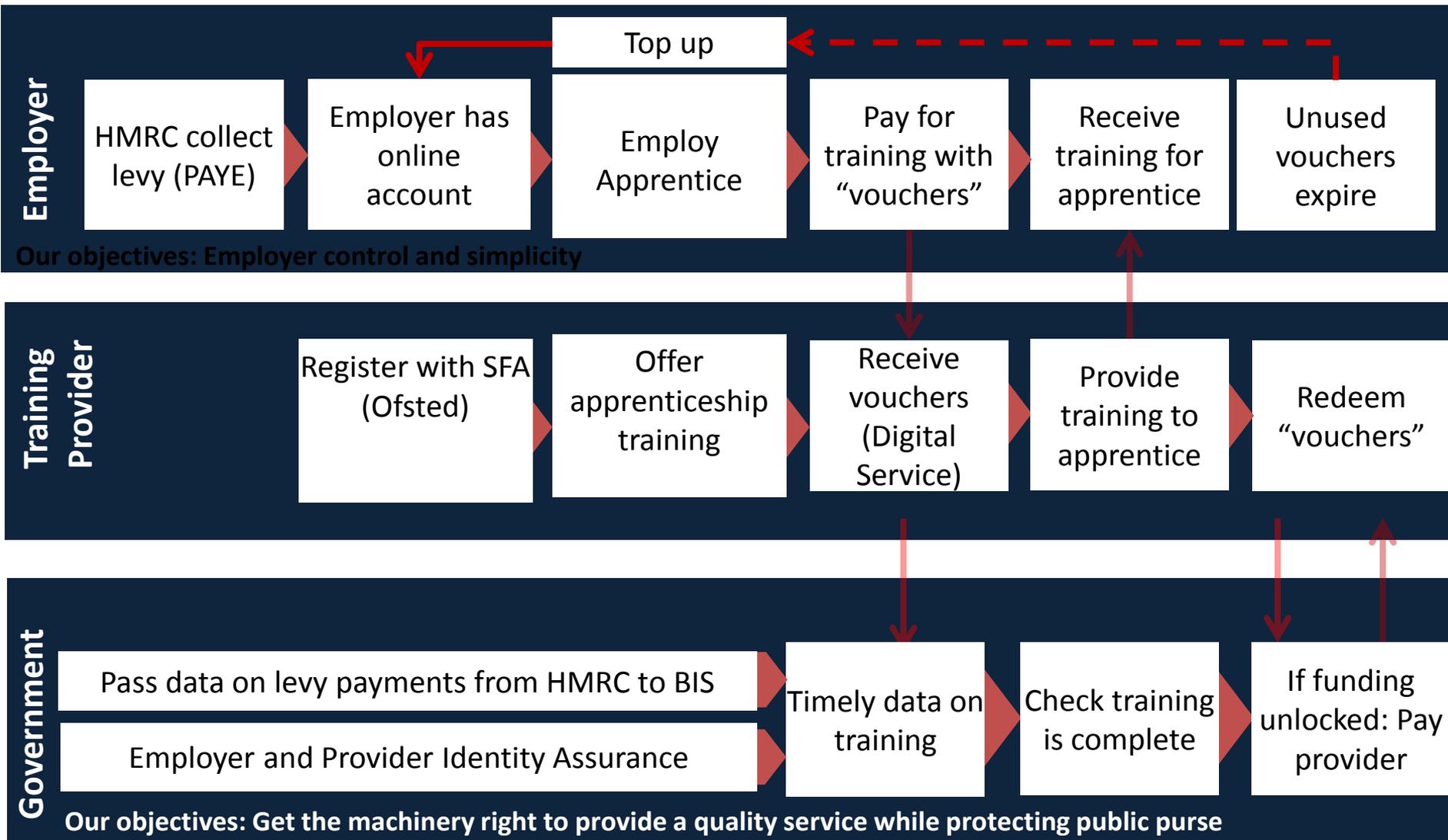


Two worked examples:

- Employer of **250 employees**, each with a gross salary of £20,000.
- Pay bill: $250 \times £20,000 =$
£5,000,000
- Levy sum: $0.5\% \times £5,000,000$
= £25,000
- Allowance: £25,000 -
£15,000 = **£10,000 annual
levy payment**

- Employer of **100 employees**, each with a gross salary of £20,000.
- Pay bill: $100 \times £20,000 =$
£2,000,000
- Levy sum: $0.5\% \times £2,000,000$
= £10,000
- Allowance: £10,000 -
£10,000 = **£0 annual levy
payment**

How the Levy will work



Next Steps

SPRING 2016

HMRC published draft clauses for levy legislation

BIS publish levy employer guide

AUTUMN 2016

BIS publish final funding rates (indicative rates in June)

SFA publish draft funding rules

BY END 2016

SFA publish final funding rules



Employer guide

- How you will pay the levy
- How you will be able to manage your funds
- What you will be able to spend levy funds on

Until then, answers to FAQs here:

www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work



How to Get Involved



If you would like to employ an apprentice, then please contact the National Apprenticeship Service, either by calling

08000 150600



Or via the following link: **<http://www.apprenticeships.org.uk/employers/employer-online-enquiry-form.aspx>**



If you would like to join a group already developing a standard, or if you would like to develop a new standard, then please see the guidance at: **<https://www.gov.uk/government/collections/apprenticeship-changes>**



Employers interested in contributing to the development of the Digital Apprenticeship Service should contact **DAS@bis.gsi.gov.uk**



If you want to advertise an apprenticeship or find out about apprenticeships in your area you can visit **<https://www.gov.uk/apply-apprenticeship>**



If you want to provide any feedback on the apprenticeship levy, you can email **apprenticeshipslevyconsultation@bis.gsi.gov.uk**

Please tweet about the Conference using

